

Message Text

PAGE 01 STATE 080286

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E.O. 11652: GDS

TAGS: ENRG, OECD

SUBJECT: INSTRUCTIONS AND GUIDANCE FOR USDEL AT APRIL 7
MEETING OF OECD ENERGY POLICY COMMITTEE

1. AS GENERAL MATTER, USDEL SHOULD BE GUIDED BY FOLLOWING
PRINCIPLES IN MEETING OF CEP.

A. USG IS COMMITTED TO THE IEA AS THE FOCAL POINT FOR ITS
COOPERATION WITH OTHER INDUSTRIALIZED COUNTRIES IN THE
CONFIDENTIAL

PAGE 02 STATE 080286

ENERGY AREA. THE IEA IS THE PRIMARY VEHICLE FOR OUR ACTIVE
COLLABORATION WITH OTHER DC'S IN ENDING OUR ENERGY VULNERA-
BILITY THROUGH REDUCTION OF OUR DEPENDENCE ON IMPORTED
OIL. IEA IS ALSO THE FORUM IN WHICH WE ARE COMMITTED TO

FULLEST POSSIBLE COORDINATION OF OUR RELATIONS WITH OIL EXPORTING COUNTRIES AND OTHER CONSUMING COUNTRIES, PARTICULARLY IN CIEC ENERGY COMMISSION.

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B. NEVETHELESS, WE SEE SOME VALUE IN CEP AS AN OECD-WIDE BODY IN WHICH MEMBER COUNTRIES CAN EXCHANGE VIEWS ON INTERNAL AND EXTERNAL DEVELOPMENTS IN THE ENERGY AREA. IN ADDITION, THERE ARE SOME AREAS (E.G. GATHERING OF STATISTICS UP-DATING OF LTEA, ETC.) WHERE CEP HAS ROLE. AS AGREED IN COUNCIL RESOLUTION ESTABLISHING IEA, WE DO NOT SEE IEA AS PRECLUDING ADDITIONAL ENERGY COOPERATION IN OECD-WIDE CONTEXT.

C. HOWEVER, WE DO NOT WANT CEP TO BECOME IN ANY WAY AN ALTERNATIVE TO IEA EITHER AS A VEHICLE FOR CONSUMER COUNTRY COOPERATION OR AS A FORUM FOR COORDINATION -- AS OPPOSED TO EXCHANGE OF VIEWS -- ON THE DIALOGUE. SIMILARLY, WE OPPOSE ANY DUPLICATION OF CEP WORK NOW UNDERWAY IN IEA.

2. FOLLOWING ARE SUGGESTED TALKING POINTS FOR USE BY USDEL IN DISCUSSION OF PARAS 1-10 OF DOCUMENT EP(76)5.

-- WE ARE ALL ECONOMICALLY AND POLITICALLY VULNERABLE BECAUSE OF OUR EXCESSIVE DEPENDENCE ON IMPORTED OIL;

-- REDUCED DEPENDENCE ON IMPORTED OIL OFFERS THE ONLY REAL SOLUTION TO THIS VULNERABILITY;

-- U.S. IS MAKING DETERMINED EFFORT THROUGH ENERGY CONSERVATION, DEVELOPMENT OF NEW SOURCES OF CONVENTIONAL ENERGY, AND R&D TO REDUCE OUR DEPENDENCE;

-- HOWEVER, IT IS ESSENTIAL THAT NATIONAL EFFORTS TO REDUCE DEPENDENCE BE COORDINATED WITHIN A COMMON FRAMEWORK OF COMMITMENTS BY CONSUMER COUNTRIES;

-- MEMBER COUNTRIES OF THE IEA HAVE MADE MAJOR PROGRESS
CONFIDENTIAL

PAGE 03 STATE 080286

IN THE CONSTRUCTION OF THIS COMMON FRAMEWORK AND IN THE IMPLEMENTATION OF JOINT PROGRAMS;

-- COMPREHENSIVE EMERGENCY PROGRAM IS NOW ESSENTIALLY IN PLACE AND CAN BE IMPLEMENTED WHEN NEEDED, THIS PROGRAM SIGNIFICANTLY ENHANCES OUR ABILITY TO DETER ANOTHER EMBARGO AND TO WITHSTAND ITS IMPACT -- POLITICAL AND ECONOMIC -- SHOULD ONE OCCUR;

-- WE HAVE, IN ADDITION, DEVELOPED A FRAMEWORK FOR CONSULTATION WITH THE OIL INDUSTRY AND AN INFORMATION SYSTEM WHICH WILL ASSURE THAT PARTICIPATING GOVERNMENTS ARE PROPERLY INFORMED REGARDING THE OPERATION OF THE INTERNA-

TIONAL OIL MARKET AND THE ACTIVITIES OF THE INTERNATIONAL OIL COMPANY;

-- WE HAVE ALSO ESTABLISHED A MAJOR PROGRAM OF LONG-TERM COOPERATION TO REDUCE OUR DEPENDENCE ON IMPORTED OIL CONSISTING OF:

A) THE ESTABLISHMENT OF JOINT PROGRAMS AND GROUP TARGETS ON CONSERVATION;

B) FRAMEWORK FOR THE EXECUTION OF JOINT ENERGY PRODUCTION PROJECTS;

C) COMMITMENTS TO PROVIDE A COMMON MINIMUM LEVEL OF ASSURANCE FOR OUR INVESTORS IN NEW ENERGY PROJECTS AGAINST DISRUPTIVE COMPETITION FROM IMPORTED OIL;

D) ESTABLISHMENT OF JOINT R&D PROJECTS ON A NUMBER OF KEY AREAS WITH PARTICULAR ATTENTION TO JOINTLY FINANCED, CONCRETE PROJECTS AND FORMULATION OF AN OVERALL R&D STRATEGY FOR IEA COUNTRIES; AND

E) COMMITMENTS TO AVOID THE INTRODUCTION OF ANY NEW OBSTACLES TO FULL NATIONAL TREATMENT IN THE ENERGY AREA AMONG IEA MEMBERS.

3. CIEC - PARAS 11-13 OF EP(76)5: WE ANTICIPATE THAT THERE WILL BE SOME DISCUSSION OF P/C RELATIONS AND THE CONFIDENTIAL

PAGE 04 STATE 080286

ENERGY COMMISSION IN THE CEP MEETING. USDEL SHOULD NOT TAKE THE LEAD IN THIS DISCUSSION BUT SHOULD PARTICIPATE IN DISCUSSION INDICATING THAT U.S. IS GENERALLY CONTENT WITH PACE AND SUBSTANCE OF THE ENERGY COMMISSION TO DATE. USDEL MAY ALSO MAKE FOLLOWING COMMENTS ON PARAS 11-13 OF EP(76)5:

-- WE FULLY CONCUR WITH THE CONTENTION THAT THOROUGH ANALYSIS OF WORLD ENERGY SUPPLY AND DEMAND SITUATION WILL IMPROVE THE PROSPECTS FOR RESOLVING PRODUCER/CONSUMER DIFFERENCES;

-- WE AGREE THAT IT IS NOT POSSIBLE TO DISCUSS THE GENERAL ECONOMIC SITUATION WITHOUT ALSO DISCUSSING THE ENERGY PRICE LEVEL;

-- THE SECURITY OF ENERGY SUPPLIES IS A FACTOR IN THE GENERAL ECONOMIC WELL-BEING AND WE WILL ADDRESS THIS ISSUE AT A SESSION OF THE ENERGY COMMISSION AFTER THE ONE IN APRIL;

-- A U.S. PROPOSAL ON POSSIBLE TECHNOLOGICAL COOPERATION

WITH THE DEVELOPING COUNTRIES THROUGH AN INTERNATIONAL ENERGY INSTITUTE IS NOW BEFORE THE IEA; WE EXPECT TO PRESENT THIS PROPOSAL TO THE ENERGY COMMISSION AS A DEVELOPED COUNTRY INITIATIVE AT AN APPROPRIATE TIME.

4. IN LIGHT OF FRENCH INTERVENTION AT LAST MEETING OF XCSS, WE ANTICIPATE GOF DEL IN CEP MAY RAISE ISSUES OF (1) ALLEGED NEED FOR GREATER OECD ROLE IN THE WORK OF THE ENERGY COMMISSION AND (2) NEED TO USE CEP AS FORMAL BODY

FOR COORDINATION OF POSITIONS ON ENERGY COMMISSION AMONG OECD COUNTRIES.

5. ON FIRST ISSUE, OECD PARTICIPATION ON ENERGY COMMISSION, USDEL SHOULD MAKE FOLLOWING POINTS:

-- ALLOCATION OF INTERNATIONAL ORGANIZATIONS AS OBSERVERS ON VARIOUS COMMISSIONS WAS SUBJECT OF CONSENSUS RECOMMENDATION BY 10 CIEC CO-CHAIRMAN IN THEIR MEETING OF CONFIDENTIAL

PAGE 05 STATE 080286

JANUARY 26; THERE WAS STRONG DESIRE ON PART OF G-19 CHAIRMEN TO LIMIT NUMBER OF PERMANENT OBSERVERS.

-- FIRST MEETING OF ENERGY COMMISSION CONFIRMED BY CONSENSUS DECISION OF CO-CHAIRMEN TO INCLUDE UN, OPEC, IEA AS PERMANENT OBSERVERS AND TO DESIGNATE OECD, IAEA, SELA, UNCTAD AND OAPEC AS AD HOC OBSERVERS WHO COULD BE INVITED TO ATTEND SESSIONS IN WHICH SUBJECTS OF PARTICULAR RELEVANCE TO THEM WERE TO BE DISCUSSED;

-- BOTH OAPEC AND OECD HAVE SUBSEQUENTLY BEEN INVITED AS AD HOC OBSERVERS AT APRIL MEETING;

-- OECD PARTICIPATION IN THIS SESSION SHOULD OF COURSE BE SUPPORTIVE OF OVERALL DC APPROACH TO THE DIALOGUE. IEA WILL ADDRESS THIS AND OTHER ASPECTS OF COORDINATION FOR APRIL MEETING OF COMMISSION ON APRIL 8;

-- U.S. BELIEVES ANY ATTEMPT AT THIS LATE DATE TO REOPEN CONSENSUS DISCUSSIONS OF THE ENERGY COMMISSION ON QUESTION OF PERMANENT OBSERVERS COULD THREATEN THE CONSTRUCTIVE ATMOSPHERE WHICH NOW EXISTS (NOTE INITIAL IRAQI OPPOSITION TO DESIGNATING OECD AS AD HOC OBSERVER); TAHER IN PARTICULAR STRONGLY OPPOSES ANY ADDITIONS TO LIST OF PERMANENT OBSERVERS; ANY REQUEST FOR OECD PERMANENT OBSERVERSHIP WOULD ALMOST CERTAINLY BE MATCHED WITH REQUESTS FOR SIMILAR STATUS FOR SOME IF NOT ALL OF THE OTHER AD HOC OBSERVERS.

6. ON SECOND ISSUE, OECD COORDINATION FOR DIALOGUE, USDEL SHOULD TAKE FOLLOWING LINE IF SUBJECT IS RAISED:

-- WE AGREE THAT DEVELOPED COUNTRY PARTICIPATION IN THE CIEC SHOULD BE COORDINATED AS FAR AS POSSIBLE IN THE OECD;

-- HOWEVER, THE BARGAINING STRENGTH OF THE CONSUMER COUNTRIES IN THE ENERGY COMMISSION IS LARGELY BASED ON THE COMMITMENT OF THE IEA MEMBER COUNTRIES TO THE AGENCY'S EMERGENCY PROGRAM AND TO THE LONG TERM COOPERATION PROGRAM TO DEVELOP ALTERNATIVE ENERGY SOURCES;
CONFIDENTIAL

PAGE 06 STATE 080286

-- THE IEA COUNTRIES HAVE A FIRM OBLIGATION UNDER THE IEP TO COORDINATE ON RELATIONS WITH PRODUCERS AND OTHER CONSUMERS; THIS MEANS THAT FOR THESE COUNTRIES, PRINCIPLE VEHICLE FOR COORDINATION ON THE ENERGY DIALOGUE MUST BE THE IEA;

-- THEREFORE, WE ARE CONVINCED THAT THE DIRECT BACKSTOPPING OF THE DEVELOPED COUNTRIES' PARTICIPATION IN THE ENERGY COMMISSION IS CORRECTLY TAKING PLACE IN THE IEA;

-- THIS DOES NOT EXCLUDE NONMEMBERS OF THE IEA FROM PARTICIPATION IN THE PREPARATIONS FOR THE ENERGY COMMISSION; THE OECD/IEA COMBINED ENERGY STAFF IS A MECHANISM SERVING TO KEEP NONMEMBERS APPRISED OF DEVELOPMENTS IN THE ENERGY COMMISSION AND THE IEA INFORMED OF THE VIEWS OF NONMEMBERS ON THESE DEVELOPMENTS; THESE EXCHANGES ARE SUPPLEMENTAL WITH BILATERAL OR REGIONAL CONSULTATIONS;

-- PART OF THE BURDEN OF LINKING IEA MEMBERS AND NONMEMBERS CAN BE ASSUMED BY EXECUTIVE SECRETARY LANTZKE AND HIS DEPUTY; THEY CAN BRIEF NONMEMBERS ON PREPARATIONS FOR, AND PROGRESS IN, THE ENERGY COMMISSION; AS THEY HAVE IN FACT BEEN DOING;

-- HOWEVER, IN VIEW OF THE LIMITED RESOURCES AVAILABLE IN NATIONAL GOVERNMENTS AND THE SECRETARIAT, WE MUST NOT TRY TO DUPLICATE IN THE CEP THE ANALYTICAL WORK AND COORDINATION UNDERWAY IN THE IEA; THE EFFECTIVENESS OF IEA COORDINATION IS, IN OUR VIEW, CONFIRMED BY THE SMOOTHNESS OF THE DC COORDINATION TO DATE IN THE ENERGY COMMISSION ITSELF.

7. AS YOU KNOW, WE WANT IEA MEMBER FOR CHAIRMAN OF CEP; BOBLETTER IS ACCEPTABLE TO US. WE HAVE NO OBJECTION TO SPANISH DEPUTY PERMDEL XIFRA AS VICE CHAIRMAN, BUT WE DO NOT BELIEVE U.S. SHOULD NOMINATE HIM FOR POSITION GIVEN OUR PREFERENCE THAT U.S. NOT GET IN MIDDLE ON THIS ISSUE. (YOU MAY SECOND NOMINATION, IF DEEMED USEFUL). UNDER AGENDA ITEM 7, YOU MAY AGREE TO LIMITED WORK PROGRAM THAT DOES NOT DUPLICATE IEA EFFORTS. WE CONCUR

IN SECRETARIAT RECOMMENDATION (EP(76)10) THAT ONLY ONE
CONFIDENTIAL

PAGE 07 STATE 080286

SUBGROUP BE ESTABLISHED AT THIS TIME.

8. IN ADVANCE OF MEETING YOU SHOULD FULLY INFORM MAJOR
IEA MEMBERS OF U.S. POSITION AND SEEK THEIR SUPPORT. KISSINGER

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